

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 02-0326P

Adjusted Gross Income Tax

For Fiscal Year Ended March 31, 2001

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE(S)

I. Tax Administration – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer protests the proposed penalty assessment for the underpayment of estimated tax. The taxpayer is using the annualized income installment method. Taxpayer remitted \$140,000 annualized tax payment for the year 2000. The minimum required annual payment is eighty percent (80%) of current year's tax or \$156,734. The prior year tax was \$159,316.

Taxpayer prepared the Federal Form 2220 instead of Indiana's IT-2220. Taxpayer was previously sent a copy of the department's adjusted IT-2220.

I. Tax Administration – Penalty

DISCUSSION

Taxpayer protests the penalty assessed and states that it complied with the Indiana State Revenue requirements and calculated its estimated tax on eighty percent (80%) of the estimated tax liability for the current year using the annualized income method.

To avoid the penalty, the quarterly estimate must equal at least twenty percent (20%) of the total income tax liability for the current taxable year or twenty-five percent (25%) of the final income tax liability for the prior taxable year.

The prior year's tax was \$159,316 while the minimum required annual payment for the current

year would have been \$156,734 which is eighty percent (80%) of \$195,917. Taxpayer remitted \$140,000.

The Indiana Code does not provide corporations an exception to the penalty for underpayment of estimated taxes using either an annualized income or adjusted seasonal method.

FINDING

Taxpayer's protest is denied.